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7 Proposed Counsel for Chapter 11 Debtors and Debtors in Possession

8
9 **UNITED STATES BANKRUPTCY COURT**
CENTRAL DISTRICT OF CALIFORNIA
SAN FERNANDO VALLEY DIVISION

10 In re:
11
12 **IRONCLAD PERFORMANCE WEAR**
CORPORATION, a California corporation,
13
14 Debtor and Debtor in Possession.

15 In re:
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17 **IRONCLAD PERFORMANCE WEAR**
CORPORATION, a Nevada corporation,
18
19 Debtor and Debtor in Possession.

- 20
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- Affects both Debtors
 Affects Ironclad Performance Wear
Corporation, a California corporation only
 Affects Ironclad Performance Wear
Corporation, a Nevada corporation only

Lead Case No.: 1:17-bk-12408-MB

Jointly administered with:
1:17-bk-12409-MB

(Ironclad Performance Wear Corporation, a
Nevada corporation)

Chapter 11 Cases

**NOTICE OF APPLICATION OF
DEBTORS AND DEBTORS IN
POSSESSION TO EMPLOY CRAIG-
HALLUM CAPITAL GROUP LLC AS
FINANCIAL ADVISOR PURSUANT
TO 11 U.S.C. § 327 WITH
COMPENSATION PURSUANT TO 11
U.S.C. § 328**

[No Hearing Required Unless Requested
Pursuant to Local Bankruptcy Rule 2014-1]

1 **PLEASE TAKE NOTICE** that Ironclad Performance Wear Corporation, a California
2 corporation (“Ironclad California”) and its parent corporation Ironclad Performance Wear
3 Corporation, a Nevada corporation (“Ironclad Nevada”, and with Ironclad California, collectively,
4 the “Debtors”) the debtors and debtors in possession in the above-captioned, jointly-administered,
5 chapter 11 bankruptcy cases, have filed an application (the “Application”) for Court approval of
6 their employment and compensation of Craig-Hallum Capital Group LLC (“C-H”) as their
7 financial advisor, effective as of September 8, 2017 (the “Petition Date”), the date that the
8 Debtors filed their voluntary bankruptcy petitions, upon the terms and conditions described in the
9 Application.

10 The Application is based on this Notice, the Application and all pleadings filed in support
11 of the Application, the entire record of this case, the statements, arguments and representations of
12 counsel to be made at the hearing on the Application, if any, and any other evidence properly
13 presented to the Court.

14 **PLEASE TAKE FURTHER NOTICE** that any request for a copy of the Application
15 must be made in writing to Levene, Neale, Bender, Yoo & Brill L.L.P., 10250 Constellation
16 Blvd., Suite 1700, Los Angeles, California 90067, Attention: Krikor J. Meshefesian, Telephone
17 No. (310) 229-1234, Facsimile No. (310) 229-1244, Email: KJM@LNBYP.COM.

18 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 2014-
19 1(b)(3), any party asserting an objection to the Application and/or wishing to request a hearing
20 thereon, must, not later than fourteen (14) days from the date of service of this Notice, file a
21 written objection or request for hearing with the Clerk of the Bankruptcy Court in the form
22 required by Local Bankruptcy Rule 9013-1(f)(1), and serve such objection or request for hearing
23 on the Office of the United States Trustee, as well as proposed counsel for the Debtors whose
24 name and address appear at the top, left-hand corner of the first page of this Notice.

25 **PLEASE TAKE FURTHER NOTICE** that failure to file and serve an objection or
26 request for hearing within this fourteen (14) day period may be deemed by the Court to be consent
27 to the relief requested herein.

1 **Background Information**

2 The Debtors commenced their bankruptcy cases by filing voluntary petitions under
3 Chapter 11 of the Bankruptcy Code on September 8, 2017 (the “Petition Date”). The Debtors
4 continue to operate their business, manage their financial affairs and operate their bankruptcy
5 estates as debtors in possession. The Debtors are pursuing a sale of their businesses.

6 **The Debtors’ Need And Request To Employ a Financial Advisor**

7 To insure that the Debtors are able to consummate a sale of their assets for highest and best
8 price, the Debtors commenced marketing immediately. The Debtors require the assistance of an
9 experienced financial advisor to assist the Debtors in this process. The Debtors have decided that
10 C-H is the ideal company to serve as the Debtor’s financial advisor taking into account firm size,
11 experience, skill level, and cost. In that regard, the Debtors seek to employ C-H as their
12 financial advisor, at the expense of the Debtors’ bankruptcy estates, and to have the Debtors’
13 employment of C-H be deemed effective as of the Petition Date.

14 C-H has been working with the Debtors in the three-month period leading up to the
15 bankruptcy filings, and C-H has done extensive due diligence with the Debtor’s management
16 team and board of directors. Thus, C-H is uniquely positioned to act as the Debtors’ financial
17 advisor immediately without any delay on account of learning about the Debtors’ situation.

18 The Debtors seek to employ C-H on the terms set forth in the engagement letter (the
19 “Engagement Letter”), a true and correct copy of which is attached as **Exhibit “1”** to the
20 declaration of Steve Rickman (the “Rickman Declaration”) annexed to the Application, except to
21 the extent specifically modified in the Application. The Debtors seek to employ C-H as their
22 financial advisor to render, among others, the following types of professional services:

- 23 a. identify acquirers, which in the opinion of C-H and the Debtors, are most
24 likely to acquire the Debtors;
- 25 b. assist the Debtors in formulating a strategy for soliciting interest from
26 acquirers, whether approached by C-H or whether the Debtors are approached proactively, which

1 may have an interest in acquiring the Debtors (the “Potential Acquirers”), and the development of
2 procedures and timetable for marketing the Debtors to the Potential Acquirers;

3 c. if requested, assist in the preparation of management’s confidential
4 memorandum describing the Debtors;

5 d. introduce the Debtors to Potential Acquirers, and coordinate due diligence
6 investigations of the Debtors by Potential Acquirers;

7 e. along with the Debtors, evaluate proposals from interested parties
8 regarding a “Sale or Restructuring” (as that term is defined in the Engagement Letter), formulate
9 negotiation strategies, and assist in negotiations and closing of a Sale or Restructuring; and

10 f. if the Debtors pursue a stand-alone restructuring, C-H will advise and
11 assist the Debtors in developing and seeking approval of a restructuring plan (a “Plan”), which
12 may be a plan under chapter 11 of the Bankruptcy Code; in structuring any new securities to be
13 issued under the Plan; in providing valuation analyses with respect to the Debtors, their assets or
14 businesses; in seeking and evaluating the terms of any exit financing; and will participate in
15 hearings before the bankruptcy court with respect to the matters upon which C-H has provided
16 advice, including, as relevant, providing testimony in connection therewith in coordination with
17 the Debtors’ counsel.

18 C-H is comprised of over 100 professionals headquartered in Minneapolis with offices in
19 Boston, Greenwich, and Philadelphia. C-H specializes in middle-market mergers, acquisitions,
20 financial lending restructurings, and capitalizations in myriad industries. C-H has vast
21 experience in serving as a financial advisor, including in the arena of manufacturing for retail
22 sales.

23 The Debtors and C-H anticipate that Steve Rickman will be the lead professional
24 providing services on this engagement and will be assisted by Rick Hartfiel, Scott Ames, and
25 Connor Oak. Mr. Rickman is the Managing Director of Investment Banking Mergers and
26 Acquisitions at C-H and has over 20 years of experience advising companies on strategic
27 mergers and acquisitions, private and public financing, and strategic advisory. Mr. Rickman has

1 completed over 70 transactions with an aggregate deal value of more than \$4 billion. The firm
2 resume for C-H and the professional biographies of Messrs. Rickman and Hartfiel are
3 collectively attached as Exhibit “2” to the Rickman Declaration.

4 **Disclosures Regarding C-H’s Compensation and Disinterestedness**

5 C-H has no retainer and has not been paid any money by the Debtors at any time. C-H
6 will be compensated with a “Sale or Restructuring Fee” in the amount of \$275,000 plus 2.5% of
7 the “Aggregate Transaction Value” (as that term is defined in the Engagement Letter) in excess
8 of \$20 million up to \$22.5 million, plus 4.5% of the Aggregate Transaction Value in excess of
9 \$22.5 million. The definition of the “Aggregate Transaction Value” is set forth in section “E” of
10 the Engagement Letter.

11 **The Debtors and C-H are requesting that the entire Sale or Restructuring Fee be**
12 **paid in cash to C-H at the closing of the Sale or Restructuring pursuant to 11 U.S.C. § 328**
13 **without the need for a fee application. In the event that the Court requires a formal fee**
14 **application, the Debtors and C-H shall comply with the Court’s wishes.**

15 In addition to any fees payable to C-H, and regardless of whether a Sale or Restructuring
16 is consummated, the Debtors hereby agree to promptly upon receipt of invoice, reimburse C-H
17 for its out-of-pocket expenses incurred in connection with this engagement, including database
18 communication and travel expenses and the fees and expenses of C-H’s legal counsel.

19 The Engagement Letter contains terms for exculpation, indemnification, and contribution
20 by the Debtors to C-H, as set forth in Appendix 1 to the Engagement Letter. The Debtors will
21 exculpate and indemnify C-H for any action, claim, suit, investigation, or proceeding, actual or
22 threatened by any person against C-H, except for those matters finally determined by a court or
23 arbitral tribunal to have resulted primarily and directly from the willful misconduct or gross
24 negligence of C-H. The description of the exculpation, indemnification, and contribution terms
25 of Appendix 1 set forth in this paragraph 20 is only a general summary; parties wishing to know
26 the full terms of Appendix 1 are directed to read the Engagement Letter attached as Exhibit “1”
27 to the Rickman Declaration.

1 During the one-year period prior to the Petition Date, the Debtors did not pay anything to
2 C-H in contemplation of or in connection with the Debtors' chapter 11 cases. C-H has not
3 received any lien or other interest in property of the Debtors or of a third party to secure payment
4 of C-H's fees or expenses, except for the consent of the secured lender, as set forth in paragraph
5 21 of the Application, above.

6 Prior to the Petition Date, the Debtors and C-H entered into an engagement letter (the
7 "Prepetition Engagement Letter") with respect to C-H's services for the Debtors. Upon approval
8 by the Court, the Debtors will retain C-H (effective as of the Petition Date) pursuant to the
9 Engagement Letter, which will amend and supersede the Prepetition Engagement Letter, at
10 which time C-H will not hold a prepetition claim against the Debtors.

11 C-H is further requesting that the entire Sale or Restructuring Fee be paid to C-H in cash
12 at the closing of the Sale or Restructuring. C-H requests Court authority not to have to maintain
13 time records, recognizing that C-H will be maintaining a log of its activities in terms of Potential
14 Acquirers contacted and further interactions with them.

15 C-H has not shared or agreed to share its compensation for representing the Debtors with
16 any other person or entity, except among its partners and employees. C-H understands that its
17 employment by the Debtors and ultimate compensation of the Sale and Restructuring Fee and
18 reimbursement of expenses are all subject to Court approval.

19 To the best of the Debtors' knowledge, information, and belief, C-H is not a creditor, an
20 equity security holder or an insider of the Debtors. John Flood, who is C-H's chairman, owns
21 100,000 shares of Ironclad Nevada's common stock. With more than 85 million shares issued
22 and outstanding, Mr. Flood's shares represent approximately .1% of Ironclad Nevada's common
23 stock.

24 To the best of the Debtors' knowledge, information, and belief, C-H is not and was not an
25 investment banker for any outstanding security of the Debtors and has not been within three
26 years before the Petition Date an investment banker for a security of the Debtors, or an attorney
27 for such an investment banker in connection with the offer, sale or issuance of any security of the
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1 Debtors.

2 To the best of the Debtors' knowledge, information, and belief, neither C-H nor any
3 member of C-H is, nor was, within two years before the Petition Date, a director, officer or
4 employee of the Debtors or of any investment banker for any security of the Debtors.

5 To the best of the Debtors' knowledge, information, and belief, C-H does not hold or
6 represent any interest materially adverse to the interest of the Debtors' estates or of any class of
7 creditors or equity security holders, by reason of any direct or indirect relationship to, connection
8 with, or interest in, the Debtors or an investment banker for any security of the Debtors, or for
9 any other reason, and is otherwise a "disinterested person" as that term is defined in Section
10 101(14) of the Bankruptcy Code.

11 The Debtors' knowledge, information, and belief regarding the matters set forth herein
12 are based upon, and made in reliance on, the Rickman Declaration. The Rickman Declaration
13 discloses C-H's connections, if any, to the Parties-In-Interest (as defined in the Rickman
14 Declaration). Given the large number of parties in interest in these chapter 11 cases, despite the
15 efforts to identify and disclose C-H's relationships with parties in interest in these chapter 11
16 cases, C-H is unable to state with absolute certainty that every client relationship or other
17 connection has been disclosed in the Rickman Declaration. C-H, therefore, has informed the
18 Debtors that C-H will conduct an ongoing review of its files to ensure that no conflicts or other
19 disqualifying circumstances exist or arise. If any new material facts or relationships are
20 discovered or arise, C-H will promptly file a supplemental declaration with the Court.

21 The Debtors believe that their employment of C-H upon the terms and conditions set
22 forth in the Application is in the best interest of the Debtors' estates.

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1 **WHEREFORE**, the Debtors respectfully request that the Court approve the Debtors'
2 employment of C-H as their financial advisor effective as of the Petition Date upon the terms and
3 conditions set forth in the Application pursuant to 11 U.S.C. § 327(a) with compensation pursuant
4 to 11 U.S.C § 328.

5 Dated: September 29, 2017

6 IRONCLAD PERFORMANCE WEAR
7 CORPORATION, et al.

8 By: */s/ Ron Bender*
9 RON BENDER
10 MONICA Y. KIM
11 KRIKOR J. MESHEFEJIAN
12 LEVENE, NEALE, BENDER, YOO
13 & BRILL L.L.P.
14 Proposed Counsel for Chapter 11 Debtors
15 and Debtors in Possession

1 PROOF OF SERVICE OF DOCUMENT

2 I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business
3 address is: 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

4 A true and correct copy of the foregoing document entitled **APPLICATION OF DEBTORS AND**
DEBTORS IN POSSESSION TO EMPLOY CRAIG-HALLUM CAPITAL GROUP LLC AS FINANCIAL
ADVISOR PURSUANT TO 11 U.S.C. § 327 WITH COMPENSATION PURSUANT TO 11 U.S.C. § 328;
DECLARATION OF STEVE RICKMAN IN SUPPORT THEREOF will be served or was served **(a)** on the
5 judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated
6 below:

7 **1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to
8 controlling General Orders and LBR, the foregoing document will be served by the court via NEF and
9 hyperlink to the document. On **September 29, 2017**, I checked the CM/ECF docket for this bankruptcy
case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice
List to receive NEF transmission at the email addresses stated below:

- 10 • Ron Bender rb@lnbyb.com
- 11 • Cathrine M Castaldi ccastaldi@brownrudnick.com
- 12 • Russell Clementson russell.clementson@usdoj.gov
- 13 • Aaron S Craig acraig@kslaw.com, lperry@kslaw.com
- 14 • Monica Y Kim myk@lnbrb.com, myk@ecf.inforuptcy.com
- 15 • Krikor J Meshefesian kjm@lnbrb.com
- 16 • Tania M Moyron tania.moyron@dentons.com, chris.omeara@dentons.com
- 17 • S Margaux Ross margaux.ross@usdoj.gov
- 18 • United States Trustee (SV) ustpregion16.wh.ecf@usdoj.gov
- 19 • Sharon Z. Weiss sharon.weiss@bryancave.com, raul.morales@bryancave.com

20 **2. SERVED BY UNITED STATES MAIL:** On **September 29, 2017**, I served the following persons and/or
21 entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and
22 correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and
23 addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be
24 completed no later than 24 hours after the document is filed.

25 Service information continued on attached page

26 **3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL**
(state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on
27 **September 29, 2017**, I served the following persons and/or entities by personal delivery, overnight mail
28 service, or (for those who consented in writing to such service method), by facsimile transmission and/or
email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight
mail to, the judge will be completed no later than 24 hours after the document is filed.

29 **Served via Attorney Service**

30 Hon. Martin R. Barash
31 United States Bankruptcy Court
32 21041 Burbank Boulevard, Suite 342
33 Woodland Hills, CA 91367

34 I declare under penalty of perjury under the laws of the United States of America that the foregoing is true
35 and correct.

36

September 29, 2017	Jason Klassi	/s/ Jason Klassi
Date	Type Name	Signature

Served by Overnight Mail:

Ironclad Performance Wear (8300)
OUST, Secured & Top 20

United States Trustee
915 Wilshire Blvd., Suite 1850
Los Angeles, California 90017

U. S. Securities and Exchange
Commission
Attn: Bankruptcy Counsel
444 South Flower Street, Suite 900
Los Angeles, CA 90071-9591

Secured Creditor

Radians Wareham Holding, Inc.
Attn: Mike Tutor, CEO
5305 Distriplex Farms
Memphis, TN 38141

Counsel to Radians Wareham Holdings

E. Franklin Childress, Jr.
Baker, Donelson, Bearman, Caldwell &
Berkowitz, PC
165 Madison Ave, Suite 2000
Memphis, Tennessee 38103

Counsel to Radians Wareham Holdings

Sharon Z. Weiss
Bryan Cave
120 Broadway, Suite 300
Santa Monica, CA 90401

Top 20 Unsecured Creditors:

Advantage Media Services, Inc.
Attn: Steven Helmle
29010 Commerce Center Drive
Valencia, CA 91355

Danny Negara
Mercindo Global Manufaktur
Jl. Raya Semarang-Bawen Km.29
SEemerang, Central Java
50661, Indonesia

Eliza Yang
Nantong Changbang Gloves Co.
Flat/RM 1602 Chit Lee Comm
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Ms. Vicz Yue
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